

Message Text

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PAGE 01 SANTO 04179 102109Z

61

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CIAE-00 INR-10 NSAE-00 RSC-01

PA-03 PRS-01 USIA-15 XMB-07 TRSE-00 FRB-02 OPIC-12

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FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 9019

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UNCLAS SANTO DOMINGO 4179

E.O. 11652: N/A

TAGS: ECON

SUBJECT: TRADE PROMOTION IN SANTO DOMINGO

REF: STATE 187040

1. IN THE COURSE OF FAMILIARIZING MYSELF WITH THE COUNTRY TEAM OPERATIONS, I HAVE BEEN PARTICULARLY FAVORABLY IMPRESSED BY THE SUCCESSFUL EFFORTS OF THE ECONOMIC/COMMERCIAL SECTION TO PROMOTE INCREASED U.S. TRADE HERE. TWO EXAMPLES, WHICH HAVE ALREADY BEEN REPORTED PIECEMEAL, I CONSIDER ESPECIALLY NOTEWORTHY AND DESERVING OF FURTHER MENTION:

2. EXIMBANK AND U.S. EXPORTS. UNTIL A LITTLE OVER A YEAR AGO, EXIMBANK AND FCIA TOOK LITTLE INTEREST IN THE DOMINICAN REPUBLIC, AN ATTITUDE THAT HAMPERED EXPORT PROMOTION EFFORTS HERE, ESPECIALLY ON MAJOR PROJECTS. THE ECONOMIC/COMMERCIAL SECTION SUCCESSFULLY ARGUED FOR A REAPPRAISAL BY EXIMBANK AND OTHER WASHINGTON AGENCIES OF CONDITIONS HERE, AT THE SAME TIME REPORTING THOSE MAJOR EXPORT OPPORTUNITIES WHICH COULD BE LOST IF EXIMBANK'S RESOURCES WERE NOT BROUGHT INTO PLAY. AS A DIRECT RESULT, EXIMBANK LOANS AND COMMITMENTS IN THE DOMINICAN REPUBLIC OVER
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PAGE 02 SANTO 04179 102109Z

THE PAST YEAR HELPED U.S. SUPPLIERS SECURE OVER \$100

MILLION OF EXPORTS RELATED TO MAJOR PROJECTS. THE MOST NOTABLE SINGLE EXAMPLE HAS BEEN THE EXIMBANK COMMITMENT FOR FINANCING THE \$40 MILLION DOUBLING OF THE COUNTRY'S ELECTRICAL GENERATING SYSTEM, A PACKAGE WON BY U.S. SUPPLIERS WHICH WOULD HAVE BEEN LOST TO THE JAPANESE OR ITALIANS WITHOUT THE EXCELLENT SUPPORT AND EFFICIENCY OF AN EXIMBANK WHICH HAD UPDATED ITS EVALUATION OF THE DOMINICAN REPUBLIC LARGELY THANKS TO THE EFFORTS OF THE ECONOMICXCOMMERCIAL SECTION.

3. THE AUTOMOBILE TARIFF. UNTIL DECEMBER, 1972, THE DOMINICAN CUSTOMS LAW EFFECTIVELY DISCRIMINATED AGAINST IMPORTS OF U.S. CARS (THE DIVIDING LINE BETWEEN THE LOWER AND HIGHER CUSTOMS DUTIES HAD NOT CHANGED FROM THE \$2,000 SET MANY YEARS BEFORE, THUS SERIOUSLY ACCENTUATING THE PRICE DIFFERENTIAL BETWEEN U.S. AND OTHER, ESPECIALLY JAPANESE, AUTOS). PARTLY AS A RESULT OF THIS UNINTENTIONAL BIAS, THE U.S. SHARE OF THE DOMINICAN AUTOS IMPORT MARKET FELL TO AN ALL-TIME LOW OF 8 PER CENT IN 1972, VS. 57 PER CENT FOR JAPAN.

THE ECONOMIC/COMMERCIAL SECTION, THROUGH DILIGENT AND PERSUASIVE REPRESENTATION AT VARIOUS LEVELS OF THE DOMINICAN GOVERNMENT (AND IN THE FACE OF DETERMINED OPPOSITION BY THOSE REPRESENTING THIRD-COUNTRY AUTOMOBILE INTERESTS) WAS ABLE TO HELP CONVINCE THE GOVERNMENT TO EFFECT A CHANGE IN THE LAW TOWARD THE END OF LAST YEAR. LOCAL DEALERS OF U.S. AUTOMOBILES REPORT THAT THEY HAVE ALREADY BEGUN TO TAKE A SUBSTANTIALLY LARGER SHARE OF THE DOMINICAN MARKET.

4. AS THE WHITE HOUSE CONFERENCE ON EXPORT EXPANSION CONVENES ON OCTOBER 11 AND WITH THE QUARTERLY MEETING BETWEEN STATE AND COMMERCE ON COMMERCIAL PROGRAMS SCHEDULED FOR NOVEMBER 12, I CONSIDER IT TIMELY TO POINT OUT THESE RECENT ACHIEVEMENTS OF THE EMBASSY ECONOMIC/COMMERCIAL SECTION. I ALSO INTEND TO GIVE APPROPRIATE RECOGNITION TO THE ACCOMPLISHMENTS OF THE SECTION AND OF ITS PERSONNEL THROUGH THE PRESENTATION OF A UNIT CITATION.

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